

**Report of:** Strategy & Review Business Manager

**To:** Executive Board

**Date:** 19 March 2007

**Item No:**

**Title of Report:** Welfare advice provision and future funding arrangements



### Summary and Recommendations



**Purpose of report:** To review welfare advice provision in the city and look at options for future commissioning of City Council-funded services to ensure consistent, cohesive and comprehensive advice services that are accessible to residents, particularly vulnerable people and those on a low income.

**Key decision[x7]:** Yes


**Portfolio Holder:** Councillor Caroline van Zyl


**Deputy Responsibility:** Community

**Ward(s) affected:** All

#### **Report Approved by:**

 Michael Lawrence - Strategic Director, Housing, Health & Community (V4)

 Helen Liddar - Legal Services (V3)

 Lily Collett - Financial Services (V3)

#### **Policy Framework:**

Oxford City Council Social Inclusion Strategy, 2006

Oxford City Council Procurement Strategy, 2004-7

Review of CVO support given by Oxford City Council, 2006

*Getting earlier, better advice to vulnerable people* – Dept for Constitutional Affairs, 2006



**Recommendation(s):**

1. To consider the options presented for the future commissioning of welfare advice provision in the city and select an option:

Option 1 - Advertise for tenders to provide a welfare advice service across Oxford, stipulating that there must be provision in the city centre and on Blackbird Leys, Barton and Rose Hill, allowing sufficient time before tendering to permit the existing advice centres to form a consortium, if they so wish. If this option is selected, the financial implications will be examined and set out in a future report.

Option 2 (as recommended by Community Scrutiny Committee on 20 February 2007)– (a) Continue to fund the existing advice centres separately, if their applications for 2008/9 under the community grants process are successful and reinstate their 3-year funding agreements in this event; (b) that outcomes for advice centres reflect Oxford City Council's vision; (c) that the Advice Forum meets quarterly to discuss social policy issues, negotiate with funders and identify areas for joint work, training and funding bids.

## **Purpose of the report**

1. The purpose of the report is to review welfare advice provision in the city and look at options for future commissioning of City Council-funded services, to ensure consistent, cohesive and comprehensive advice services that are accessible to residents, particularly vulnerable or disadvantaged people and those on a low income.
2. The report has been prompted by the Review of Community & Voluntary Organisations (CVO) Support from Oxford City Council (the Grants Review) carried out by Neighbourhood Renewal (Executive Board, April 2006) and the proposed changes to community legal advice structures and funding outlined in the papers *Getting earlier, better advice to vulnerable people* (Dept of Constitutional Affairs, March 2006) and *Making legal rights a reality* (Legal Services Commission (LSC), March 2006). The high overall figure of City Council funding for advice in relation to the size of the grants budget also makes this a target area for review.

## **Background**

### **Funding of advice centres**

3. Oxford City Council currently gives grant aid totalling £408,337 for 2006/7 to five advice centres – this represents 25.25% of the total grants budget of £1,617,063:
  - Citizens' Advice Bureau (CAB), city centre (£190,000, including £20,000 for the Benefits in Practice project);
  - Oxford Community Work Agency (OCWA), Barton (£81,060);
  - Rose Hill & Donnington Advice Centre (£62,233);
  - Agnes Smith Advice Centre, Blackbird Leys (£45,044);
  - Chinese Community & Advice Centre, St Clement's (£30,000).
4. All the advice centres have multiple funders, including the County Council, which funds various aspects of their work. The County Council's funding is currently under review but is now expected to continue until March 2009; it does not fund the Citizens' Advice Bureau. On average, the City Council funds only about 40% of the advice centres' work, which must be taken into consideration when deciding on the way forward. It is important to note that the City Council will only be funding some of the advice work which takes place in the city in future, just as it does now.
5. The LSC has a contract with Oxfordshire Welfare Rights (OWR – one arm of OCWA – the other is Barton Advice Centre) to carry out Legal Aid work up to second tier level, i.e. representation for clients at Tribunals and Courts and the training countywide of welfare advice providers, which is funded by the County Council.
6. The CAB and Rose Hill & Donnington Advice Centre do not operate from City Council premises, which must also be borne in mind when considering

tendering advice services, as any new provider would require premises from which to operate.

7. OCWA, the Agnes Smith Advice Centre and the Chinese Community & Advice Centre operate from premises owned by the City Council for which they pay rent, which is deducted from their City Council grants (the Chinese Community & Advice Centre is taking on additional space and has applied to the City Council for extra grant aid to cover its increased rent, which was due to rise even without the additional space).

8. The CAB, the Rose Hill & Donnington Advice Centre and the Agnes Smith Advice Centre all do outreach work in addition to work from their office bases.

9. As well as grant-funded advice provision, Oxford City Council Housing has a contract with a private firm of solicitors from 2005 for three years (£161,000 p.a.) to fulfil the authority's statutory function to provide housing advice. In addition, the City Council's Customer Services provides advice on a wide variety of issues in the city centre, East Oxford and Blackbird Leys and also a telephone service which dealt with nearly 96,000 enquiries regarding Council Tax and Housing Benefit in 2005/6.

### **The findings of the Bateman Report**

10. In 2004, the report commissioned by Oxford City Council from Neil Bateman & Co, *A Strategy for Commissioning Advice Services* (the Bateman Report), found "...little evidence of duplicate advice provision across agencies, but...identified ways in which greater efficiency may be achieved."

11. The Bateman Report makes recommendations in a number of areas, including management, funding, partnerships, training, monitoring, benefit take-up work and debt. The Bateman Report's rationale for funding advice agencies is particularly relevant to this report: "....

- the ability to add value by attracting additional funding not available to local authorities;
- anti-poverty and social inclusion objectives;
- providing tangible evidence of a corporate commitment to social justice;
- increasing government grant, revenue collection and local economic well-being by maximising benefit take-up and debt advice;
- democratic pluralism and external scrutiny of City Council services;
- empowering socially excluded groups;
- improving health and well-being through income maximisation."

The Report found that these business objectives were largely being met and that there was strategic fit with the Council's policy priorities.

12. The Report notes that: "All advice agencies are currently incurring additional costs by having to separately purchase accountancy, consumables, insurance and other services. There is also duplication of activity around seeking additional funding. This absorbs resources which could be invested in

front-line advice work, benefit awareness activity or additional administrative support.

[Bateman] would therefore recommend the following:

All advice agencies which are significantly funded by the City Council should agree to establish a city-wide advice coordinating system (not necessarily a legal entity) to enable the Council and other funders to have a single joint point of contact for discussions about funding and to provide or tender for as many overhead functions as practically and legally possible. This forum should identify areas for collaboration and savings through rationalisation as well as areas for joint activity by advice agencies (e.g. joint benefits take-up campaigns, training activities and funding bids, cover for staff absence).”

### **Performance monitoring**

13. One issue highlighted by the Bateman Report was the inconsistency in performance management material submitted by advice agencies. This has made it difficult to gain an accurate picture of demand, activity and outcomes across the city, as information was not readily comparable.

14. To remedy this situation, a new quarterly joint monitoring system with the County Council has been designed by the City Council, in consultation with the County Council and the advice centre managers. This means one less monitoring exercise for advice agencies which work with multiple funders, all of whom require performance management information.

15. The new system came into operation on 1<sup>st</sup> July 2006 and focuses on numbers of individual clients, their characteristics (e.g. ethnic group, postcode, age, etc), the issues with which they presented and outcomes (e.g. benefits take-up, success rate at Tribunals, etc), rather than on activity levels (e.g. numbers of phone calls, letters sent, etc), although the centres have retained the option to provide such data in addition if they wish.

16. The numbers of new individual clients seen by the advice centres during the 2<sup>nd</sup> quarter of 2006/7 are shown below and statistics received for the 3<sup>rd</sup> quarter indicate that numbers are rising in some cases:

- Citizens' Advice Bureau - 1409;
- Oxford Community Work Agency, Barton - 250;
- Rose Hill & Donnington Advice Centre - 98;
- Agnes Smith Advice Centre, Blackbird Leys - 1066;
- Chinese Community & Advice Centre – 88 (+70 out of city).

It should be noted that clients from Black and minority ethnic groups appear to be well represented in the statistics.

17. It is important to note that many new and ongoing clients return several times and most require advice on more than one issue, therefore the number of new clients alone is not an indication of the true volume of work. In the 2<sup>nd</sup> quarter, for example, the numbers of clients requiring casework (more than 20 minutes' work) were as follows:

- Citizens' Advice Bureau - 1093;
- Oxford Community Work Agency, Barton – 205;

- Rose Hill & Donnington Advice Centre - 255;
- Agnes Smith Advice Centre, Blackbird Leys - 461;
- Chinese Community & Advice Centre – 68 (city clients).

### **The future of community legal advice services**

18. There are to be major changes in the way in which community legal advice (which includes welfare benefits and debt management advice) is to be structured and funded in future. *Making legal rights a reality*, the LSC's strategy for the community legal service from 2006 to 2011, outlines a structure of Community Legal Advice Centres (CLACs) and Networks (CLANs) which will be responsive to local needs and will take legal services to groups of people who do not currently access mainstream services, such as certain Black and minority ethnic groups and vulnerable people, for example, those with mental health problems.

19. CLACs will be jointly funded by the LSC, local authorities and other funders to provide via a single legal entity the full range of core social welfare services, plus outreach services, in local authority areas with more than 50,000 benefits claimants. It is unclear as yet whether there will be compulsion on local authorities to pay towards CLACs and CLANs and if so, what level of funding will be required from them.

20. CLANs will be jointly funded groups of community legal services (CLS) organisations that will work together to deliver the full range of services between them, through a case management procedure, at whatever point the client accesses the Network. They will operate at county boundary level where practicable. Unitary authorities will be subsumed into a countywide CLAN where that best facilitates delivery, but in other areas will remain as separate Networks.

21. This means that Oxford would be part of an Oxfordshire CLAN; however, in the event of local government reorganisation occurring in Oxfordshire, this may need to be revisited, as the nature and scale of the city's problems are very different from those of the rest of the county and it may therefore be better to have a separate CLAN.

22. Contracts will be awarded after a tendering process which will be open to both the private sector and not-for-profit suppliers. The LSC envisages contracting only with larger providers with a good track record. After tendering, the LSC may reduce or not renew some other social welfare contracts. CLACs are being piloted in two areas initially, but CLANs will probably not be piloted for another two years; it is not therefore known when there will be a CLAN in Oxfordshire. The CLS Direct telephone service is to be expanded.

### **Legal framework**

23. Until now, the City Council's grant aid process has entailed organisations submitting applications for grants, rather than the Council deciding what

services are required and commissioning them by approaching organisations to carry out the work or procuring them through competitive tendering.

24. There is a growing move towards competitive tendering in the public sector in the pursuit of economy, efficiency and effectiveness. The European Union (EU) Procurement Directives require that contracts with a value of more than £144,000 at present over the life of the contract be tendered and that advertising be considered for procurement at all levels.

25. However, Oxford City Council has recently taken advice from a barrister experienced in this field, who has deemed that although the majority of the grants awarded by the Council are contracts, they are not subject to EU procurement rules because they are not contracts for services for the Council's use; nor does the Council take part in the operation of the contract (beyond service specification and monitoring); nor are they contracts to carry out the Council's statutory obligations.

26. It is therefore open to Members to decide whether or not they wish to tender advice services in the city, bearing in mind the Council's duty to obtain best value.

27. If Members decide to introduce an element of competition, advertising would be placed locally and nationally.

28. The Council's Contract Regulations (paragraph 8.07) require Business Units to put out to tender any contract with a value of more than £100,000 over the life of the contract, which at 2006/7 grant levels would include all the advice centres apart from the Chinese Community & Advice Centre, assuming that contracts would be for three years. Work is currently underway to instigate separate procedures for grants, which may alter the thresholds for advertising and tendering grant funding.

### **Options for the way forward**

29. Given the factors above, there are two viable options that the Council could adopt when commissioning advice services for the future.

#### **30. Option 1**

**Advertise for tenders to provide a welfare advice service across Oxford, stipulating that there must be provision in the city centre and on Blackbird Leys, Barton and Rose Hill, allowing sufficient time before tendering to permit the existing advice centres to form a consortium if they so wish.**

31. It is essential to maintain city centre welfare advice provision if the service is to be easily accessible to vulnerable people and those on low incomes living in Cutteslowe, Marston and West Oxford, for example, where there is unlikely to be sufficient demand for separate local services to be economically viable (judging by Customer Services' experience in

Summertown and Northway and the CAB's experience in Cutteslowe). There also needs to be advice provision in the city centre because three large hostels for homeless people and other services for homeless and vulnerable people are located there.

32. It should be noted that if a body other than the CAB were to be awarded a contract to provide advice in a city centre location, the provider would require suitable premises, as the CAB does not operate from City Council premises and is highly unlikely to abandon its service in Oxford even if it were to lose its City Council funding, since it is long established, well used and has other funders, although a scaling down of the service may well be necessitated by loss of City Council funding.

33. Rose Hill & Donnington Advice Centre does not operate from City Council premises either, but is located near the Rose Hill Community Centre which is owned by the City Council and could perhaps accommodate any new provider if required.

34. The advantages of this option are that economies of scale in terms of management costs, office supplies, etc (and therefore a potential overall saving to the grants budget on advice), improvements in staff cover opportunities, an integrated citywide advice service and preparation for a possible future Community Legal Advice Network could be introduced. Stability of funding would be good for staff recruitment and retention, local confidence in the facility and for service planning purposes.

35. Tendering advice services would also demonstrate the Council's commitment to obtaining best value, although best value does not necessarily entail a tender process. It would also demonstrate that the City Council was taking a more strategic view of grant giving by specifying what it wants and seeking the best agency to deliver its objectives, rather than by simply responding to applications for funding.

36. The disadvantages of this option are that the unique local characters of the advice centres on the estates and the sense that they are rooted in their local communities (for example, by training up volunteers from the estate) may be lost and some valued providers may cease to exist.

37. At a meeting held last year between Council officers and the advice centre managers, it was suggested that the advice centres form a consortium if a citywide advice service were to be tendered, so that they could work together and be in a good position to submit a bid. It would be necessary to allow sufficient time for this to take place.

38. While not rejecting the suggestion out of hand that they form a consortium, it was pointed out to officers that they all had different constitutions which were registered with the Charities Commission and that this could raise issues if the consortium were to become a legal entity.



39. If Members decide to adopt Option 1, further discussion will be required between the City Council, the Chinese Community & Advice Centre and the other advice providers, in order to determine whether the specialist nature of the Chinese service could best be delivered as part of a consortium (if the existing advice agencies choose to form a consortium), or whether it should stand alone.

40. It would be permissible for a loose consortium to submit a bid (as demonstrated in the tender documents for the pilot CLACs in Leicester and Gateshead), provided that a lead organisation for the consortium were appointed and that an undertaking was given as to when it would become a legal entity. It may be preferable to require that the consortium be fully formed as a legal entity before submitting a bid in order to enable the enforcement of grant conditions.

41. Tendering the services separately would be expensive and time-consuming and would have no advantages.

42. The option to tender welfare advice services as a whole is favoured by the City Council's Strategic Directors, although it is appreciated that there may be issues around the timing of such an exercise.

43. This preference is based on their wish to focus resources to a greater extent on advice work, rather than funding expenditure on replicated back office costs; to establish a consistent and cohesive welfare advice service across the city at a competitive price and to demonstrate the Council's commitment to obtaining best value through tendering against a clear specification.

#### 44. **Option 2**

**Continue to fund the existing advice centres separately, if their applications for 2008/9 under the community grants process are successful and reinstate their 3-year funding agreements in this event.**

45. The advantages of this option are that the unique local characters of the advice centres on the estates would be retained and that this option would be the closest to maintaining the *status quo* (if that is to be regarded as an advantage). It would also avoid the expense and time involved in tendering.

46. The disadvantages are that economies of scale and the consequent reduction in expenditure on advice to the grants budget, improvements in staff cover opportunities, an integrated citywide advice service and preparation for a possible future Community Legal Advice Network would not happen.

47. At a recent meeting between a City Council officer, the advice centre managers and some Trustees, it was agreed that a forum would be created as an expansion of the existing countywide forum of Citizens' Advice Bureaux to discuss social policy issues, negotiate with funders, identify areas for joint

work, training and funding bids. Age Concern, Mind and Connection (floating support service), which all provide advice, are to be invited.

48. It was agreed by agencies at this meeting that the joint purchase of office supplies, etc outside a formal consortium arrangement would not be workable or beneficial. Some staff cover arrangements are already in place between the Agnes Smith Advice Centre, the Rose Hill & Donnington Advice Centre and (to a limited extent) the Barton Advice Centre.

### **Recommendations**

1. To consider the options presented for the future commissioning of welfare advice provision in the city and select an option:

**Option 1 - Advertise for tenders to provide a welfare advice service across Oxford, stipulating that there must be provision in the city centre and on Blackbird Leys, Barton and Rose Hill, allowing sufficient time before tendering to permit the existing advice centres to form a consortium if they so wish. If this option is selected, the financial implications will be examined and set out in a future report.**

**Option 2** (as recommended by Community Scrutiny Committee on 20 February 2007) – **(a) Continue to fund the existing advice centres separately, if their applications for 2008/9 under the community grants process are successful and reinstate their 3-year funding agreements in this event;**  
**(b) that outcomes for advice centres reflect Oxford City Council's vision;**  
**(c) that the Advice Forum meets quarterly to discuss social policy issues, negotiate with funders and identify areas for joint work, training and funding bids.**

#### **Name and contact details of author:**

Penny Randall  
Policy Officer (Social Inclusion & Health Inequalities)  
Strategy & Review, Town Hall, OX1 1BX  
[prandall@oxford.gov.uk](mailto:prandall@oxford.gov.uk)  
01865 252131

#### **Background papers:**

None